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CITE SANTIAGO [redacted] SECTION 1 OF 2

TO: DIRECTOR.

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1. [redacted]

2. THERE IS GENERAL AGREEMENT THAT FROM IDEOLOGICAL STANDPOINT PDC IS MORE CLOSELY UNITED TODAY THAN AT PREVIOUS MOMENTS OF ITS HISTORY. THIS IS DUE TO FACT THAT VIRTUALLY ALL PERSONS WHO IDEOLOGICALLY ESPOUSED MORE EXTREME VIEWPOINTS LEFT THE PARTY WITH EITHER THE MAPU OR CHRISTIAN LEFT DEFECTIONS. PARTY IDEOLOGICAL HARMONY IS ALSO ATTRIBUTABLE TO FACT THAT FORMER PRESIDENT FREI HAS RECOGNIZED THE INEVITABLE NEED TO SHIFT LEFTWARD IN HIS OWN VIEWPOINT. TO INDICATE EXTENT TO WHICH SITUATION HAS ALTERED SINCE 1970 STUDY, TERMS SUCH AS

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"REBELDES," "OFICIALISTAS" AND "TERCERISTAS" ARE NO LONGER HEARD WITHIN PARTY CIRCLES. ALL OF THE CORE OF THE "REBELDE" GROUP HAVE SINCE LEFT THE PARTY, AND THERE ARE NO "OFICIALISTAS" SINCE PARTY NOW OUT OF POWER.

3. FORMER "REBELDE" FACTION (PRESENTLY CHRISTIAN LEFT) WAS CRITICAL OF FREI FOR HIS REFORMIST ATTITUDES TOWARD THE CAPITALIST STRUCTURE THEN EXISITING IN CHILE. THE "REBELDE" GROUP, WHICH WAS OUTSPOKENLY OPPOSED TO CAPITALIST SYSTEM, CRITICIZED FREI FOR HIS FAILURE TO BREAK THE CONTROL OF CREDIT AND THE POWER OF THE PRIVATE BANKING SYSTEM, URGED HIM TO MOVE FARTHER AND FASTER IN ASSUMING GOVT CONTROL OVER ALL MINING ACTIVITIES, AND ADVOCATED INTERVENTION IN THE MAJOR CORPORATE ENTERPRISES. THEY ALSO BELIEVED FREI'S AGRARIAN REFORM POLICIES WERE TOO SLOW AND PUSHED FOR COMPLETE BREAKUP OF THE LARGE LANDHOLDINGS.

4. FOLLOWING THE SPLIT OF MAPU AND CHRISTIAN LEFT, THERE WAS LEFT WITHIN THE PDC TWO GENERAL GROUPINGS OF POLITICAL THOUGHT: THOSE WHO FELT THEMSELVES BEST REPRESENTED BY PRESIDENTIAL CANDIDATE RADOMIRO TOMIC AND HIS 1970 CAMPAIGN PLATFORM, AND THOSE WHO TURNED TOWARD FORMER PRESIDENT FREI AS THEIR SPOKESMAN. THESE TWO BASIC IDEOLOGICAL GROUPINGS

REMAIN WITHIN THE PARTY TODAY, BUT HAVE BECOME MUCH LESS DISTINCT DURING THE PAST YEAR.

5. THIS CONFLUENCE OF IDEOLOGICAL ATTITUDES ON PART OF PDC LEADERS HAS BEEN PARTIALLY THE RESULT OF FREI'S TRAVELS AND POLITICAL/SOCIAL RUMINATIONS SINCE HE LEFT OFFICE. FREI HAS REACHED THE CONCLUSION THAT THROUGHOUT THE SO-CALLED THIRD WORLD THE TRADITIONALIST CAPITALIST SYSTEM IS NOT CAPABLE OF REALIZING DEVELOPMENT GOALS AND ASPIRATIONS. FREI HAS ALSO BEEN IMPRESSED OVER RELATIVE SUCCESS AND RAPIDITY IN WHICH ALLENDE GOVT HAS DISMANTLED PREVIOUSLY EXISTING BASTIONS OF ECONOMIC POWER, SUCH AS THE BANKING SYSTEM, AND FACILITY WITH WHICH GOVT HAS INTERVENED IN OVER TWO HUNDRED INDUSTRIES. FREI RECOGNIZES THAT HE CANNOT REVERSE MUCH OF WHAT THE U.P. HAS DONE. IT IS SIGNIFICANT THAT AT THE 7-8 APRIL PARTY PLENUM FREI, FOR FIRST TIME IN HIS PARTY CAREER, PUBLICLY SUPPORT CONCEPT OF "SOCIAL COMMUNITARIANSIM," WHICH TOMIC AND HIS SUPPORTERS HAVE BEEN PRESSING FOR YEARS.

6. TOMIC AND HIS FOLLOWERS ON OTHER HAND HAVE ALTERED SOME OF THEIR ATTITUDES, PARTICULARLY THEIR ORIGINAL VIEWS TOWARD ALLENDE GOVT. AT SAME APRIL PLENUM, TOMIC FOR FIRST TIME

CRITICIZED AND ATTACKED THE GOVT IN HIS SPEECH.

7. THE DRAFT BILL ON THREE AREAS OF THE ECONOMIC SECTOR WHICH WAS UNANIMOUSLY APPROVED BY PARTY LEGISLATORS STILL REPRESENTS THE PARTY'S POSITION TOWARD THE PRIVATE SECTOR. THIS DERAFT LEGISLATION, WHICH WAS ORIGINALLY PRESENTED BY SENATORS FUENTEALBA AND HAMILTON IN OCTOBER 1971 AND SUBSEQUENTLY CAUSED A CONSTITUTIONAL STALEMATE (NOW BEING REPEATED), OUTLINED BASIC PDC POSITION ON QUESTION OF PRIVATE VERSUS SOCIAL SECTORS: (A) PDC SUPPORTED CONCEPT THAT LARGE INDUSTRIAL ENTERPRISES SHOULD PASS UNDER THE CONTROL OF SOCIAL AREA; (B) THAT MOST MEDIUM-SIZED ENTERPRISE SHOULD FALL INTO THE MIXED PRIVATE /SOCIAL SECTOR; (C) THAT STRICLY PRIVATE SECTOR SHOULD COMPRISE ONLY CERTAIN MEDIUM AND SMALL-SIZED ACTIVITIES.

8. THE TOMIC GROUP ALSO ADVOCATES CONCEPT OF THE "WORKERS INDUSTRY" (EMPRESA DE TRABAJADORES) IN WHICH THEY ENVISION WORKERS OF A GIVEN ENTERPRISE ASSUMING GREATER CONTROL AND PARTICIPATION IN THE INDUSTRY, RATHER THAN ITS MERELY PASSING FROM PRIVATE SECTOR INTO SOCIAL AREA. WHILE CONCEPT OF "SOCIALIST COMMUNITARIANISM" IS ADMITTEDLY A VAGUE ONE, TOMIC SUPPORTERS DECLARE IT IS TO BE DEMOCRATIC, IMPLANTED WITHIN FRAMEWORK OF LAW, AND EGALITARIAN IN NATURE.

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9. THE RELATIVE STRENGTH BETWEEN THE FREI AND THE TOMIC FACTIONS IS HARD TO ASSESS SINCE MAJORITY OF PARTY LEADERSHIP AND ACTIVISTS ARE NOT FIRMLY COMMITTED TO EITHER SECTOR, SHIFTING BACK AND FORTH DEPENDING ON GIVEN ISSUE AND POLITICAL PRAGMATISM OF MOMENT. FREI FACTION IS STRENGTHENED BY FACT THAT FREI IS GENERALLY REGARDED AS SINGLE INDIVIDUAL WITH STATURE TO CONFRONT POPULAR UNITY IN 1976 ELECTIONS. ALTHO TOMIC'S PRESTIGE AND VOICE IN PARTY AFFAIRS HAD BEEN REDUCED CONSIDERABLY SINCE THE 1970 CAMPAIGN (AS EVIDENCED BY FACT HE WAS NOT OFFERED SENATORIAL CANDIDACY BY PARTY). IN AFTERMATH OF MARCH 1973 ELECTIONS AND CODE EXPERIENCE, THE PDC IS PRESENTLY LOOKING FOR MORE LEFTIST IMAGE AND PROGRAM.

10. THE CODE ELECTORAL ALLIANCE WAS VIEWED BY ALL SECTORS OF THE PDC AS NECESSARY AND PRAGMATIC GIVEN THE MARCH ELECTORAL SITUATION. HOWEVER, THERE IS COMPLETE ACCORD THAT CODE RELATIONSHIP SHOULD BE TERMINTED AS FORMAL ENTITY AND PDC SHOULD SEEK NEW CONSTITUENTS FROM AMONG CURRENT SUPPORTERS OF THE U.P. REGIME. THERE IS ALSO GENERAL ACCORD THAT THE PDC MUST SHORE UP ITS MYSTIQUE AND ITS IDEOLOGICAL FOUNDATIONS.

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CITE SANTIAGO FINAL SECTION OF 2

TO: DIRECTOR,

11. IT IS BELIEVED THAT PDC SWING TOWARD STRESS ON ITS "SOCIALIST COMMUNITARIAN REVOLUTION" IS AN INEVITABLE BACKLASH IN AFTERMATH OF DISAPPOINTING MARCH ELECTORAL OUTCOME AND REPRESENTS THE PARTY'S RESPONSE TO CHALLENGE THAT IT MUST WIN OVER CONVERTS FROM AMONG U.P. SUPPORTERS, AND REPRESENTS DESIRE TO REVITALIZE PARTY'S IDEOLOGICAL FOUNDATIONS. AT SAME TIME, IT IS ACCOMPANIED BY ACCEPTANCE ON PART OF FREI AND FORMER "OFICIALISTA" GROUP THAT CERTAIN SOCIO-ECONOMIC REVOLUTIONARY FORCES HAVE BEEN SET INTO MOTION BY U.P. GOVT AND THAT IT WOULD BE COUNTERPRODUCTIVE FOR PARTY TO ADVOCATE POLICIES WHICH IMPLIED A RETURN TO THE FORMER SYSTEM. IT IS EXPECTED THAT PRESENT PARTY LEADERSHIP WILL STOUTLY DEFEND DEMOCRATIC INSTITUTIONS. HOWEVER, ON QUESTION OF THE PRIVATE SECTOR THE PDC WILL LIKELY PLACE GREATER EMPHASIS ON STAND THAT FUTURE GOVT ACTIONS BE BASED ON LEGAL (CONGRESSIONALLY ADOPTED) MEASURES RATHER THAN ON DEFENSE OF PRIVATE SECTOR

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12. PDC POSTURE TOWARD THE ALLENDE GOVT IS UNDOUBTEDLY MORE BELLIGERENT TODAY THAN AT ANY TIME DURING THE U.P. ADMINISTRATION. THE LATEST FULL-SCALE ATTACK ON FORMER PRESIDENT FREI AND PDC IN GENERAL OVER ITT CASE AND SENATE FOREIGN RELATIONS HEARINGS HAS UNDOUBTEDLY HARDENED ATTITUDES TOWARD THE ALLENDE GOVT. CURRENT PDC LEADERSHIP APPEARS TO BE UNANIMOUSLY IN ACCORD THAT PARTY IS INVOLVED IN SERIOUS STRUGGLE FOR ITS SURVIVAL AGAINST ITS MARXIST OPPONENTS. WHILE PARTY LEADERS AGREE THAT PARTY'S IMAGE AND PROGRAM ACTIVITIES MUST SWING TO THE LEFT IN ATTEMPT TO CAPTURE ELEMENTS STILL SUPPORTING THE ALLENDE GOVT, THERE IS PRESENTLY NO SENTIMENT ON THE PART OF PDC LEADERS TO "COLLABORATE" WITH THIS GOVT.

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